

## Message Text

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54

ACTION EB-11

INFO OCT-01 ARA-11 EUR-25 EA-11 ADP-00 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 CIEP-02 SAL-01 OMB-01 L-03 RSR-01 /119 W  
----- 055851

R 291814 Z MAR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4192

INFO AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

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E. O. 11652: N/ A

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: A. STATE 53993, B. PARIS 865 O, C. BONN 1959

L. WE DISCUSSED THE PROBLEM RAISED IN REFTTEL A WITH WESTFALEN AND WITTICH ( FINANCE MINISTRY, DEBT RESCHEDULINGS). THEY CONFIRMED THE FRG POSITION THAT DEBTS COVERED BY INVESTMENT INSURANCE PROGRAMS OF CREDITOR GOVERNMENTS WERE NOT REPEAT NOT SUBJECT TO THE PARIS CLUB RESCHEDULING AGREEMENT, NOR WERE SUCH DEBTS NORMALLY INCLUDED IN OTHER DEBT RESCHEDULING AGREEMENTS. ACCORDING TO OUR SOURCES, THE FRG ADHERES TO THE INTERPRETATION THAT ONLY GUARANTEES OF COMMERCIAL CREDITS BY OFFICIAL EXPORT CREDIT AGENCIES FALL WITHIN THE SCOPE OF DEBT RESCHEDULINGS.

2. DURING THE FRG- CHILE BILATERAL NEGOTIATIONS, THE QUESTION OF GUARANTEED GERMAN INVESTMENTS PLAYED A MAJOR ROLE. SINCE A NUMBER OF GERMAN FIRMS WERE  
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EXPERIENCING DIFFICULTY TRANSFERRING FUNDS OUT OF CHILE, THE FRG NEGOTIATORS INSISTED THAT THIS MATTER HAD TO BE SETTLED BEFORE ANY RESCHEDULING AGREEMENT COULD BE CONCLUDED. AS A RESULT, MOST OF THE FIRMS INVOLVED WORKED OUT WITH THE CENTRAL BANK OF CHILE A REFINANCING AGREEMENT AMOUNTING TO \$22 MILLION, REPAYABLE OVER AN EIGHT YEAR PERIOD; THE FRG GUARANTEED THE REPAYMENTS. THE FRG THEN DECIDED TO SIGN THE BILATERAL RESCHEDULING AGREEMENT ON JANUARY 3 O ( SEE REFTEL C) EVEN THOUGH A FEW FIRMS STILL HAD NOT REACHED AGREEMENT WITH THE CHILEAN BANK. WE UNDERSTAND THAT THESE NEGOTIATIONS ARE NOW DEADLOCKED. OUR SOURCES FEAR THAT THE FRG WILL HAVE TO PAY THE FIRMS' INVESTMENT INSURANCE CLAIMS.

3. OUR SOURCES EMPHASIZED THAT THE \$22 MILLION REFINANCING AGREEMENT BETWEEN THE GERMAN FIRMS AND THE BANK OF CHILE WAS SEPARATE FROM, AND NOT INCLUDED IN, THE FRG- CHILEAN BILATERAL RESCHEDULING AGREEMENT. HILLENBRAND

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**TAGS:** EFIN, CI  
**To:** EB  
LONDON  
PARIS  
SANTIAGO  
SECSTATE WASHDC  
THE HAGUE  
TOKYO

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